PLANNING SCHEME POLICY 10

Paradise Road Interchange Infrastructure Charges

Contents

1 Purpose

The purpose of this Planning Scheme Policy ('PSP') is to present the infrastructure contributions regime for a proposed interchange with the Logan Motorway and Paradise Road at Larapinta (the 'proposed interchange'). The proposed interchange will be financed and constructed by, or at the direction of, Logan Motorway Company Limited and will afford vehicular access between the Logan Motorway and Paradise Road.

The provisions of the PSP only apply to development applications for non–residential development within a PSP charge area identified in Section 4 of the PSP.

Infrastructure contributions will be imposed as a condition in each Development Approval for non–residential development within a PSP charge area. The condition will require that infrastructure contributions be collected by an applicant paying directly to Logan Motorway Company Limited, a sum equivalent to the infrastructure contribution imposed. Logan Motorway Company Limited and the Brisbane City Council have entered into an Agreement to give effect to this.

Infrastructure contributions levied from this PSP will be used solely to meet the establishment costs, including financing costs, for providing the proposed interchange.

The infrastructure contributions approach has been prepared in a manner consistent with the infrastructure planning and funding approaches of:

- Chapter 5, Part 1 and Chapter 6, Part 1 of the *Integrated Planning Act 1997* (Qld) (the 'IPA')
- *IPA Infrastructure Guidelines 1/04 Priority Infrastructure Plans*
- *IPA Infrastructure Guidelines 2/04 Infrastructure Charges Schedules*.

Unless otherwise expressly indicated in this PSP, terms used in this PSP have the same meaning as those in the IPA.

This PSP is supported by the following document, declared to be extrinsic material under the *Statutory Instruments Act 1992* (Qld) and the *Acts Interpretation Act 1954* (Qld):

- *Supporting Information for the Paradise Road Interchange Infrastructure Contributions Planning Scheme Policy 2006* (the 'Supporting Report').

The Supporting Report documents the infrastructure contributions approach underpinning the PSP. Whilst the PSP should be read in conjunction with the Supporting Report, the PSP prevails to the extent of any inconsistency with the Supporting Report.

2 Planning Scheme Policy philosophy

The provisions of the PSP only apply to development applications for non–residential development within a PSP charge area.

An applicant for development within a charge area shall pay a reasonable and equitable infrastructure contribution towards the cost of providing the proposed interchange.

A network access approach has been used for the calculation of the apportionment and infrastructure contributions as it more equitable. A network access approach means that the cost apportionment and infrastructure contributions are calculated on the basis of development paying only for the portion of the interchange capacity that its traffic is assumed to consume.

Infrastructure contributions levied from this PSP will be used solely to meet the establishment costs, including financing costs, for providing the proposed interchange.

3 Development and demand assumptions

The development and demand assumptions, together with the infrastructure contributions approach underpinning this PSP are detailed in the Supporting Report. The Supporting Report documents the following information in this regard:

- forecast development and traffic
- charge area
- standards of performance
- scope of infrastructure
- infrastructure contribution composition and cost apportionment
- contribution rate calculation.

4 Overall charge area

This Section details the overall charge area for the proposed interchange, together with its purpose in imposing infrastructure contributions.

4.1 The overall charge area

Infrastructure contributions under the PSP will apply to non–residential development in the 'overall charge area' (refer to *Map A*). In turn, the overall charge area is made up of 4 individual charge areas.

The allotments comprising the charge areas are either developed for industrial or non–residential purposes or are assumed to develop for such purposes over the next 15 years. There is a nexus between the traffic demand generated by such development in the charge areas and the proposed interchange infrastructure. The Brisbane Strategic Transport Model identifies allotments comprising the charge areas as generating a significant amount of traffic that are foreseen to have need for and use the proposed interchange (The Brisbane Strategic Transport Model was used to quantify and analyse the likely amount of traffic generated from development that is expected to use the interchange).

The Model also identified that traffic from residential development south of Johnson Road would use the interchange. Such development would also be ordinarily included in a charge area, but it is located in the Logan City Council area. Given that there is no reciprocal infrastructure charging agreement between Brisbane and Logan City Councils, this development has not been included in a charge area.

The charge area concept advances the network access approach to the planning and calculation of infrastructure contributions for the proposed interchange.

4.2 Charge area considerations

Despite only 4 charge areas being identified for the PSP, it is recognised that the proposed interchange is not a 'closed network item'. Use of the proposed interchange will occur by a significant number of vehicles from development external to the charge areas which can not be levied a contribution under the PSP. This is taken into consideration in the cost apportionment, planning and calculation of infrastructure contributions:

- **Non–residential development within a Charge Area** will pay an infrastructure contribution imposed from the PSP
- **Development outside a Charge Area** will not pay an infrastructure contribution imposed from the PSP
- **Development outside the Brisbane City Council Area** will not be imposed a contribution, irrespective of it consuming intersection capacity, as no reciprocal agreement exists between Brisbane City Council and surrounding local governments.

5 Scope of infrastructure

Construction of an interchange at Paradise Road is not included in the *Roads Implementation Program 2005–06 to 2009–10* prepared by the Queensland Department of Main Roads. Hence, the infrastructure is considered 'out of sequence' and the costs of which are now required to be 'brought forward'.

The proposed interchange is to be constructed in two discrete stages:

- Stage 1b: 1 July 2006–30 June 2007
- Stage 2d: 1 July 2016–30 June 2017.

This construction timing is aligned with traffic demands:

- Stage 1b: typically aligned with the initial vehicle per day ('VPD') demands from development forecast in the overall charge area
- Stage 2d: the SOP criteria, and typically when the Degree of Saturation for the Stage 1b interchange approaches 0.90 (Level of Service 'D'). This is assumed to be when the interchange reaches a volume of approximately 22,182 VPD.

The design of the Stage 1b and Stage 2d proposed interchange is depicted in *Figure 5–1* and *Figure 5–2*.

It should be noted that the costs associated with the construction of the proposed interchange are based on construction aligning with the above timings. Should the timing of the construction of the proposed interchange alter from those identified above, then the PSP will be reviewed to identify the implications for the infrastructure contribution calculations.

6 Establishment costs and apportionment

This Section details the establishment costs for the proposed interchange together with the cost apportionment approach.

6.1 Establishment costs

Section 6.1.20 (2C)(b) of the IPA permits an infrastructure contribution required under the PSP to be calculated as if it were an infrastructure charge under the IPA.

Accordingly and in reference to Section 5.1.7 of the IPA and Section 2.3 of the *IPA Infrastructure Guideline 2/04*, only items identified as establishment costs for the proposed interchange are to considered in the calculation of infrastructure contributions under the PSP.

The establishment costs were identified in terms of 'present day' costs (i.e. not discounted to net present value), equating to $63.783 million approximately, and include (QML is currently undertaking a statutory land acquisition process for the required land, at which time the land acquisition costs will be confirmed and used in this PSP. The costs will be reviewed at the time that submissions against this PSP are reviewed, as part of the statutory Consultation Stage for the PSP preparation under Schedule 3, Part 2 of the *Integrated Planning Act 1997*):

- Legal costs
- Consultancy costs
- Paradise Road Interchange Alliance costs
- QML overheads
- On–going Council administration costs
- Finance costs
- Land acquisition costs
- Construction costs.

A detailed breakdown of the cost composition is located in Section 6 of the Supporting Report.

6.1.1 Financing and interest considerations

Interest costs incurred on capital borrowed from the Queensland Treasury Corporation are the primary finance cost associated with the proposed interchange. To ensure that an equitable portion of the interest costs form part of the infrastructure contribution, an alternative approach is proposed through directly escalating the preliminary contribution payable by QML's borrowing cost or its weighted average cost of capital, nominally set at 6%.

The base year for escalating interest costs is the financial year ending 30 June 2007. The preliminary infrastructure contribution will be escalated by the borrowing cost on a per annum basis for each financial year (or part thereof) after this year (i.e. up to 30 June 2008 would be 1 year, up to 30 June 2009 would be 2 years etc), to be calculated on the date of issue of the Decision Notice containing the Condition of Approval for the infrastructure contribution. The following should also be noted:

- An infrastructure contribution paid by 30 June 2007 would not incur any escalation for borrowing cost.
- Deferred payment of an infrastructure contribution will also result in the preliminary contribution payable being escalated for borrowing costs. This would be calculated on the date of payment, taking into consideration any further financial years passed from the date of issue of the Decision Notice containing the Condition of Approval for the infrastructure contribution.

6.2 Establishment cost apportionment approach

The proposed interchange is an 'open network' infrastructure item which means that by definition it will have *'external users that can not in practical terms be levied an infrastructure charge… Most transport… networks are open networks'* (Department of Local Government, Planning, Sport and Recreation (2004b), p. 21).

Accordingly, a network access approach has been used for the calculation of the apportionment and infrastructure contributions, as it is more equitable. It is based on:

- the amount of total intersection capacity that traffic from the charge areas consume, expressed as a percentage.

Based on a trip–end model, approximately 30% of total intersection capacity is consumed by traffic from the charge areas and this percentage of the establishment costs is apportioned to the overall charge area. This approach was again used to equitably distribute the initially apportioned cost to the 4 charge areas. An infrastructure contribution rate is then determined on the basis of the traffic generation per charge area. The infrastructure contribution rate is expressed as a dollar value per Development Unit.

6.3 The development unit

Under the PSP, infrastructure contributions will only be imposed for non–residential development occurring in a charge area.

A 'Development Unit' of 100m² gross floor area (*'gfa'*)/ equivalent land area (*'ELA'*) has been adopted as the basis to measure the number of Development Units proposed as part of an overall development, and from which to subsequently calculate the final infrastructure contribution payable.

For the purposes of the PSP, the definition of:

- *'gfa'* is as per the term 'gross floor area' in Section 10.2, Chapter 3 of the *Brisbane City Plan 2000*
- *'ELA'* is the equivalent land area that would have been gfa, if the use had been encompassed in a building
- *'building'* is as per Schedule 10 of the IPA.

The term ELA caters for uses that are not contained in a building and as such, do not have gfa (e.g. outdoor storage areas and dispatch yards). ELA can thus be measured by defining the perimeter around the subject use and calculating the area in metres square (m²) contained within. The areas of the following are to be excluded from the calculation of ELA:

- any lift plant, motor room or air conditioning or other mechanical/electrical plant and equipment room
- areas used or intended for the parking of motor vehicles, where the parking is incidental to, and necessarily associated with the use of some premises.

To calculate the number of Development Units proposed as part of a development, divide the total amount of proposed gfa/ELA (in m²) by 100m² (being a Development Unit). For example, a non–residential development of 2,515m² gfa/ELA is equal to 25.15 Development Units (i.e. 2,515m² gfa/ELA divide by 100 m² gfa/ELA).

7 Infrastructure contribution rates and contribution calculation

This Section details the application of infrastructure contributions to development, the infrastructure contribution rates for each charge area, and how to calculate the infrastructure contribution payable.

7.1 Application of infrastructure contributions to development

Infrastructure contributions will be imposed as a condition in each Development Approval for non–residential development within a PSP charge area.

7.2 Infrastructure contribution rates

For each Development Unit proposed as part of a development, the infrastructure contribution rate (ICR) identified in *Table 1* will be incurred.

Table 1 Infrastructure Contribution Rate

Charge Area	Infrastructure Contribution Rate (per Development Unit of 100m² gfa/ELA)
A	$2,583.36
B	$1,994.05
C	$3,378.83
D	$1,492.10

Note that the Charge Areas are depicted in *Map A*.

7.3 Calculating the infrastructure contribution

The formula used to calculate the total infrastructure contribution for non–residential development under the PSP is identified below. In reference to *Figure A* the formula is essentially made up of two components. Component A calculates the preliminary contribution payable and Component B is the multiplying factor for the amount of any interest payable on the contribution. The multiplication of Component A and Component B gives the total infrastructure contribution payable.

$$\text{Infrastructure Contribution} = \frac{\text{Total Amount of gfa/ELA proposed}}{100} \text{ x ICR for Charge Area x } 1.06^{\text{(year decision notice issued – 2007)}}$$

In the calculation above 'x' signifies 'multiply'

$$\text{Infrastructure Contribution} = \underbrace{\frac{\text{Total Amount of gfa/ELA proposed}}{100} \times \text{ICR for Charge Area}}_{A} \times \underbrace{1.06^{\text{(year decision notice issued} - 2007)}}_{B}$$

Figure a Formula Components

Component A is multiplied by 1.06 to the power of the number of years between when the Decision Notice containing the Condition of Approval for the infrastructure contribution is issued and 30 June 2007 (the base year for escalating interest costs). So if for example the Decision Notice is issued in 26 March 2009, effectively two financial years (one full plus one part financial year) after the base year, the preliminary infrastructure contribution would be multiplied by 1.06 twice (i.e. 1.06^2). Part financial years are considered to be whole financial years for the purposes of this formula.

Note that the implications of any infrastructure credits on the final contribution payable will be taken into consideration, after the calculation determining the infrastructure contribution payable has been performed (refer to Section 7.4).

7.3.1 Present day cost considerations

The ICR rates in *Table 1* are present day costs for the financial year 1 July 2006–30 June 2007 only.

The ICR in the PSP will be reviewed annually in subsequent years to ensure that the PSP establishment costs (particularly for Stage 2d) equate to present day values at that point in time. In doing so, it is expected that the PSP establishment costs will be indexed to account for inflation, to bring them up to present day costs. Suitable industry publications such as the *Rawlinsons Australian Construction Handbook* and Australian Bureau of Statistics Construction Industry Price Indexes (non–domestic construction) will be used to undertake this annual review.

7.4 Infrastructure credit and offset considerations

7.4.1 Charge area A (special circumstances)

The developer of Motorway Business Park (MBP) has entered into an Infrastructure Agreement with Logan Motorway Company Limited and others. Under this agreement, the developer of MBP has made or will make land, financial and design contributions towards the cost of the proposed interchange. The quantum of these contributions is identified in the Supporting Report.

Under the Agreement and in consideration of the contributions made under the Agreement, an owner of any part of the MBP development (Charge Area A) applying for a further development approval will be entitled to an infrastructure credit, at the rate specified in *Table 2*. This credit is to be used to offset an infrastructure contribution levied pursuant to this PSP.

Table 2 Infrastructure Credit Rate

Charge Area	Infrastructure Credit Rate (per Development Unit of $100m^2$ gfa/ELA)
A	$2,003.66

7.4.2 Charge areas (general circumstances)

Where the redevelopment of an allotment in a charge area occupied by an existing use is proposed, by way of:

- the extension of existing building/s or work/s, and/or
- the erection of new building/s or work/s,

then infrastructure contributions will only apply to the proposed extension of the existing building/s or work/s or to the new building/s or work/s, to the extent that all moneys required of previous infrastructure contributions for the existing building/s or work/s have been fully paid.

In this manner, previous infrastructure contributions fully paid on the existing building/s or work/s on the subject allotment are viewed as an infrastructure credit.

Where the redevelopment of an allotment in a charge area occupied by an existing use is proposed, the infrastructure contribution will be calculated by:

1. determining the number of Development Units comprising the entire development (existing and proposed) on the allotment by applying the formula in Section 6.3
2. subtracting the number of Development Units of the existing development, as previously paid for in prior infrastructure contributions, from the total number

of Development Units identified in step 1 (i.e. the infrastructure credit)

3. inputting the resultant number of Development Units in step 2 into the formula in Section 7.3 and multiplying by the appropriate ICR and quantum for interest charges.

Whilst the above may seem convoluted, it provides Council with a 'due diligence' process to ensure that infrastructure contributions for all development on an allotment have been accounted for.

In the above process, the infrastructure contribution paid for development on a specific allotment is only applicable to development on that allotment. That is, previous contributions paid for on theoretical allotment 'A', can in no way be used in the manner of an infrastructure credit (as construed in this subsection) for redevelopment proposed to occur on separate theoretical allotment 'B'.

7.4.3 Infrastructure offsets

No infrastructure contributions under this PSP are allowed as monetary offsets or credits to infrastructure charges or contributions for infrastructure networks under other Planning Scheme Policies, Infrastructure Charges Plans or Priority Infrastructure Plans administered by Council.

7.5 Payment of infrastructure contributions

Unless an alternate time for payment of the infrastructure contribution is stated in a condition of development approval, the infrastructure contribution is payable, if it applies to:

- reconfiguring a lot that is assessable development – before Council approves the plan of subdivision
- building work that is assessable development – before the certificate of classification for the building work is issued
- material change of use – before the change of use occurs
- material change of use followed by building work that is assessable development – before the certificate of classification for the building work is issued
- development other than that stated above – on the day stated in the condition of development approval imposing the infrastructure contribution.

The condition of development approval imposing the infrastructure contributions will require that infrastructure contributions be collected by an applicant paying directly to Logan Motorway Company Limited, a sum equivalent to the infrastructure contribution imposed. Logan Motorway Company Limited and Council have entered into an Agreement to give effect to this.

The condition giving rise to the infrastructure contribution will be complied with, when receipt of the infrastructure contribution moneys is confirmed in writing by Logan Motorway Company Limited to Council. Such confirmation will be in the form of a Satisfaction of Condition notice.

7.6 Register of payment of infrastructure contributions

Council will maintain a record, in the form of a register, of all infrastructure contributions imposed, and otherwise infrastructure agreements entered into addressing the issue of infrastructure contributions. The register will include details on:

- the property description of the land to which the infrastructure contribution applies
- the reference number/s of the development approval imposing the condition requiring the payment of an infrastructure contribution
- the day the development approval will lapse
- the amount of the infrastructure contribution imposed
- the infrastructure contribution rate used
- the number of Units of Development charged for
- the number and date of the associated Satisfaction of Condition notice
- the amount of any infrastructure contribution unpaid.

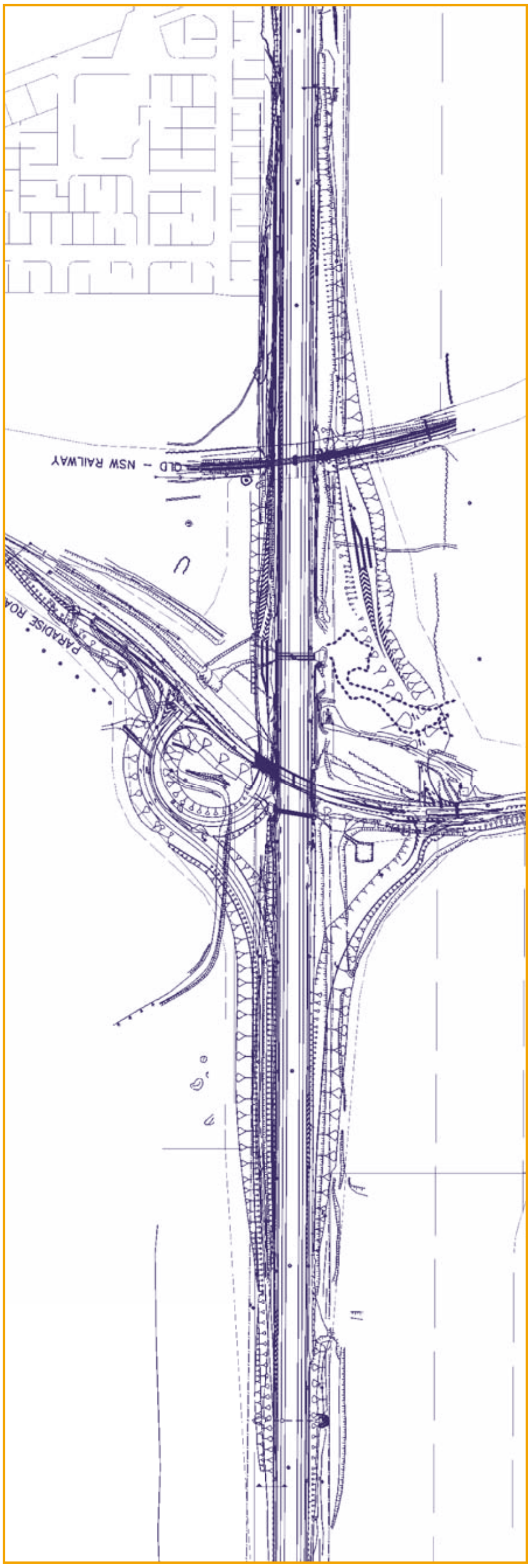


Figure 5–1 Paradise Road Interchange Stage 1b

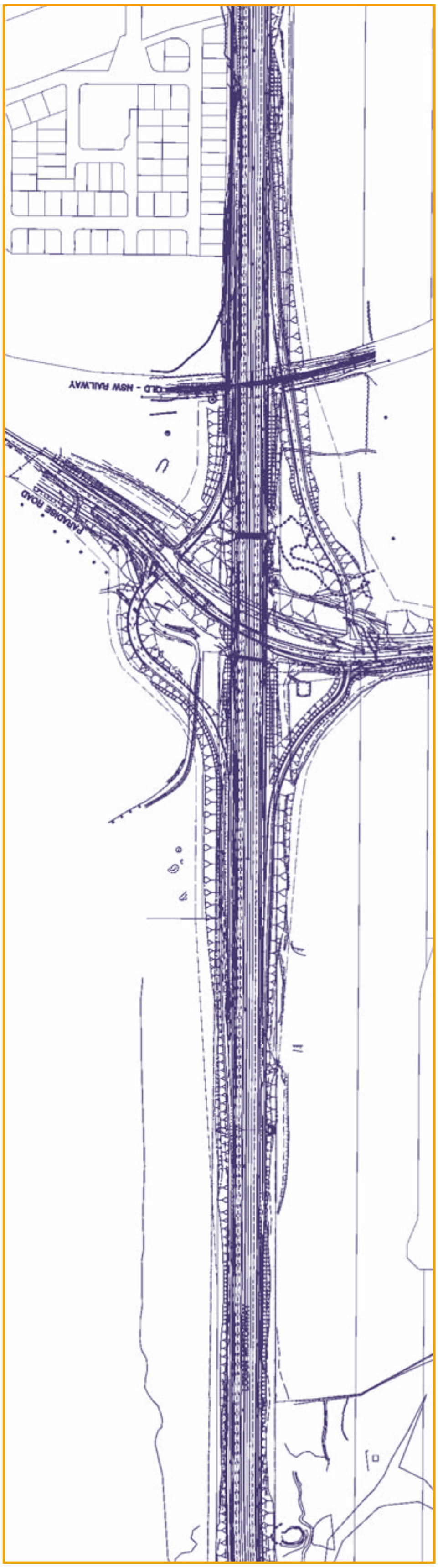
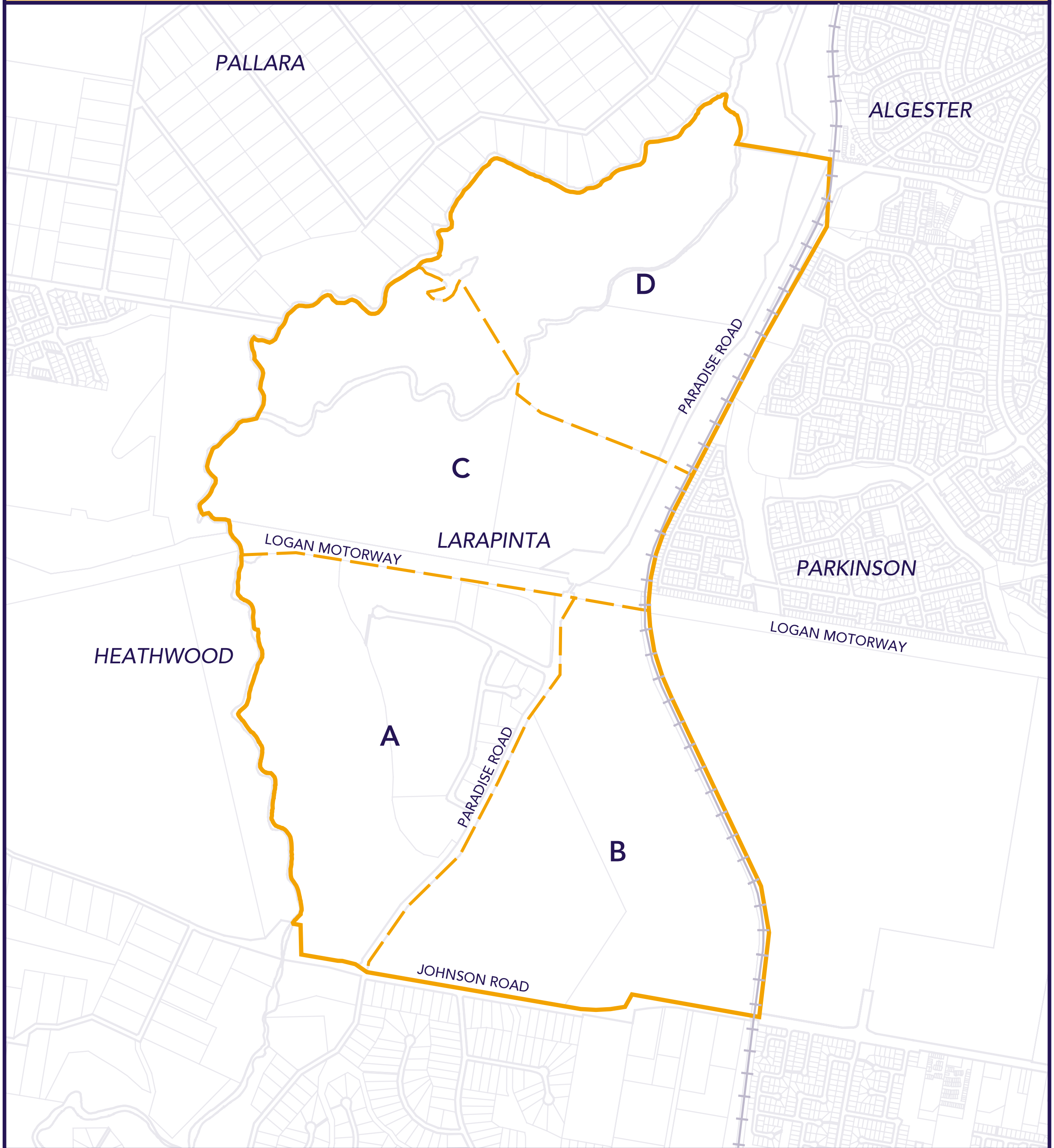


Figure 5–2 Paradise Road Interchange Stage 2d

Map A: Paradise Road Infrastructure Charge Areas



Boundary of overall charge area

Boundary between individual charge areas

A, B, C, D Individual charge area descriptors